

Interim Report 2, 2024

- › **SALES** totaled SEK 19,529 (23,479) million
- › **ADJUSTED OPERATING PROFIT** amounted to SEK 1,185 (3,602) million
- › **ADJUSTED PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 580 (3,355) million
- › **ADJUSTED PROFIT AFTER TAX** amounted to SEK 257 (2,597) million
- › **EARNINGS** per share adjusted for items affecting comparability before and after dilution, based on the average number of shares outstanding during the period, amounted to SEK 0.13 (1.28)
- › **ACTION PLAN** underway

First half characterized by large adjustments

The action plan is being implemented as a result of major destocking in the distribution chain, continuing high interest rates and historically low housing production – at the same time, we expect a gradual improvement in demand in all three business areas in the second half of the year.

The Group's sales declined by 16.8% during the period (compared with growth of 27.6% in the previous year), of which the organic decline was 22.3% (compared with organic growth of 22.1% in the previous year). Operating profit adjusted for items affecting comparability declined by 67.1% in the period compared with the corresponding period in the previous year, and the operating margin declined from 15.3% to 6.1%. Adjusted profit after net financial items fell by 82.7%, while the profit margin declined to 3.0% (14.3%).

Moving towards more acceptable inventory levels

As in the beginning of the first half of the year, the rest of the period was also characterized by distributors' efforts in the distribution chains to reduce their inventory levels, particularly for heat pumps and stoves. This means that order intake among manufacturers remained weak and did not reflect the number of products actually installed by consumers. However, we believe that the inventory adjustments in the distribution chain, which have been going on for more than nine months, are now largely completed in the vast majority of markets. This, in turn, should mean that manufacturers' production volumes will in future better correspond to actual consumer demand. However, the German distribution channels are an exception and are expected to need another quarter or two to come down to acceptable levels.

Background is familiar

The steep and rapid increase in interest rates at the end of 2022 and throughout 2023, particularly in Europe and North America, has had a significant dampening effect on consumers, while new production of housing and commercial property has slowed down considerably. This has mainly had a negative impact on demand for heat pumps and stoves. Some of the central banks cut their key interest rates in early summer and the general consensus is that both Sweden and the rest of Europe and North America now face a number of relatively rapid interest rate cuts. It is reasonable to assume that this will have a positive effect by stimulating general consumption willingness and interest in investing in new production of property.

Calendar

August 16, 2024

8:00 AM (CEST) Interim Report 2, January – June 2024
11:00 AM (CEST) Teleconference (in English):

Presentation of Interim Report 2, January – June 2024
and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images and obtain a code for asking questions.

November 15, 2024

Interim Report 3, January – September 2024

Crucial to achieve climate targets

The phase-out of fossil fuels is still progressing too slowly for the world to be able to achieve established climate targets. One of the major obstacles in the transition is the lack of political clarity concerning transition subsidies for the installation of heat pumps as well as the disproportionately large price difference in several countries between fossil fuels and electricity in terms of price per kilowatt hour.

Positive outlook for semiconductors

The semiconductor industry, which has suffered a significant setback mainly due to US trade sanctions against China, is now seeing some signs of improvement. Several new semiconductor manufacturing plants are under construction, mostly in the USA but also in Europe, which is expected to have a positive effect on equipment manufacturers and their suppliers towards the end of the current year.

Our overall view

To summarize, our assessment is that demand at manufacturer level has largely bottomed out in the first half of the year and will gradually improve in the second half.

Action plan launched

As previously announced, on March 18 we launched a comprehensive action plan in order to adapt the business to prevailing demand. The annual savings are estimated to be around SEK 750 million and the cost approximately SEK 1,095 million.

Business area NIBE Climate Solutions has successfully and almost fully implemented its parts of the action plan. The measures taken to streamline the organization and reduce overheads in both the short and long term have already had an effect on operations in the second half of the period. At the same time, we are continuously launching new heat pump models based on environmentally friendly refrigerants and advanced controls in order to further strengthen our market position. The brand-new product program for commercial property ventilation, NIBE Flow, developed in-house and launched in April, has been very well received in the market. With this new program and our complete product programs in heat pumps and district heating, we can now provide complete system solutions for commercial property climate control.

Stability in the US heat pump market has been completely different from the European market, but it too has seen some reduction in installations in the single-family home segment due to high interest rates in the first half of the year.

The business area's ambitious investment program has almost been completed, save some machinery equipment that has been postponed pending an increase in demand.

The sharp and rapid fall in sales in the first half of the year resulted in a significant decrease in both operating profit and operating margin. The ongoing action plan, combined with a recovery in demand in Europe in the second half of the year, will enable us to gradually improve operating profit. Our clear ambition is to return to an operating margin level within the business area's historical range in 2025.



Gerteric Lindquist
Managing Director and CEO

Business area NIBE Element is, like NIBE Climate Solutions, nearing the completion of its action plan. While the market for products for the heat pump segment has seen a sharp downturn, as have products for the rest of the construction industry, we see that the electrification of vehicles, together with the market for rail-based transport, is creating new opportunities for growth. There are also positive signals from the semiconductor industry, which expects to see an upturn as early as in the second half of the year. In addition, the wind power industry expects to see a recovery in 2025 after a couple of weak years.

The action plan, combined with increased sales, will gradually improve the operating margin in the second half of the year. Despite some cyclical lag in the business area's sales as a component manufacturer for producing customers, our clear ambition is to return to an operating margin level within the business area's historical range during 2025.

Business area NIBE Stoves, like the two other business areas, is in the final phase of implementing the action plan described earlier. As in the case of previous statements, product development and the respective marketing initiatives are exempt from cost-cutting measures. A concrete example is the launch of the Contura Zero Emission stove, a groundbreaking innovation that almost completely reduces particle emissions from wood burning in the stove. The product will be launched to end consumers in the fall of 2024.

The action plan covers NIBE Stoves in Europe. A similar action plan was carried out in the North American companies in the previous year in order to adapt their operations to lower sales volumes.

The decline in sales has reduced both operating profit and the operating margin, but, with the implemented measures, the aim is to gradually improve them as early as in the second half of this year. Our clear ambition is to return to an operating margin level within the business area's historical range in 2025.

Investments for the future

The Group's total investments in the first half of the year amounted to SEK 1,263 million, compared with SEK 2,144 million in the previous year. Of the investments, SEK 29 (726) million related to acquisitions of operations, which means SEK 1,234 (1,382) million comprised investments in existing operations. Excluding leases, the depreciation rate was SEK 749 million, compared with SEK 579 million in the corresponding period in the previous year.

Of the investment program of SEK 10 billion decided in 2020, the bulk, or just over SEK 8.5 billion, has now been completed. The remaining investments in buildings will be completed in 2024/2025, while further investments in capacity expansion have been postponed pending an increase in demand.

Outlook for 2024

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times because the transition to a fossil-free society is generally believed to be irreversible.
- We are well prepared to continue being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost-control measures, will prepare for consistently healthy margins.
- All three business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralized organization, based on independent units, is well proven and creates the conditions for greater motivation and flexibility.
- The effects of the deteriorating security situation around the world, interest-rate developments and volatile energy prices are difficult to predict, however.
- In line with previous communications, the first two quarters of the year have been weak. This should also be viewed against the strong performance in the corresponding period in 2023. A gradual improvement in demand is expected in the second half of the year, partly because inventory levels in the distribution chains are expected to have normalized by then.
- However, as is our habit, and based on experience, we remain optimistic about our long-term performance, even though it is particularly difficult to assess the situation this year.

Markaryd, Sweden, August 16, 2024

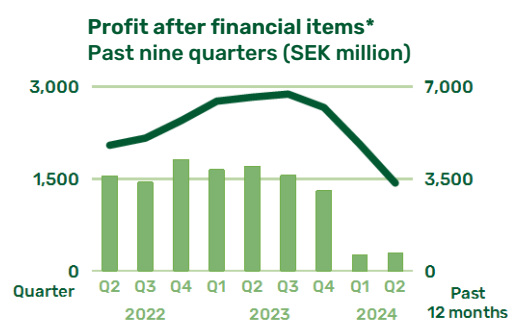
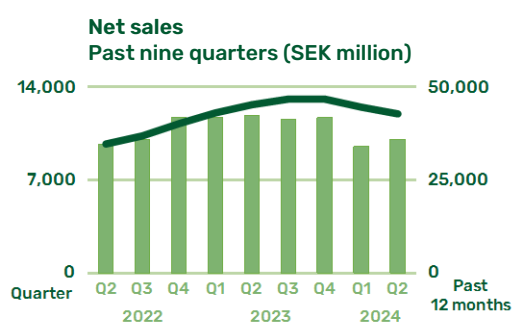
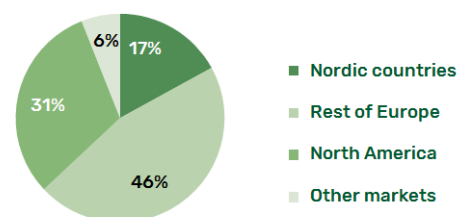
Gerteric Lindquist
Managing Director and CEO

NIBE Group

Key ratios		Q1-Q2 2024	Q1-Q2 2023	Past 12 months	Full year 2023
Net sales	SEK m	19,529	23,479	42,699	46,649
Growth	%	-16.8	27.6	-5.4	16.4
of which acquired	%	5.5	5.5	6.1	6.2
Operating profit	SEK m	1,185 *	3,602	3,461	6,973
Operating margin	%	6.1 *	15.3	8.1	14.9
Profit after net financial items	SEK m	580 *	3,355	2,461	6,331
Profit margin	%	3.0 *	14.3	5.8	13.6
Equity/assets ratio	%	42.6	51.3	42.6	44.4
Return on equity	%	9.5 *	17.7	6.5	17.3

* Profit and key ratios have been calculated excl. items affecting comparability

Group sales by geographical region



* excluding items affecting comparability

Sales

The Group's net sales totaled SEK 19,529 (SEK 23,479) million, corresponding to a decrease of 16.8%. Of the total decrease of SEK 3,950 million in sales, SEK 1,294 million was related to acquired sales, which means that organic sales decreased by 22.3%.

Profit

Profit for the period after net financial items, adjusted for items affecting comparability, was SEK 580 million. This equates to an 82.7% decrease in earnings compared with the same period in 2023, when profit after net financial items amounted to SEK 3,355 million. Net financial items amounted to SEK -605 million at the end of the period, a decline of SEK 358 million compared with the same period in the previous year. Profit for the period was charged with acquisition expenses of SEK 8 (40) million. Return on equity was 9.5% (17.7%).

Investments

In the period, the Group made investments totaling SEK 1,263 (2,144) million. A total of SEK 29 (762) million of the investments related to acquisitions of operations. The remaining SEK 1,234 million (1,382 million) mainly comprised investments in machinery and equipment in existing operations.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 721 (3,081) million. Cash flow after changes in working capital amounted to SEK 347 (1,423) million. Focused efforts to reduce high inventory levels have started to pay off. Interest-bearing liabilities at the end of the period amounted to SEK 25,516 million, compared with SEK 22,771 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 4,643 million, compared with SEK 4,979 million at the start of the period. The equity/assets ratio at the end of the period was 42.6%, compared with 44.4% at the start of the year and 51.3% at the corresponding time in the previous year.

Action plan

An action plan to adapt operations to the current demand situation was launched in March. The cost of this program amounts to SEK 1,095 million, with expected annual savings of around SEK 750 million.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales totaled SEK 35 (27) million and profit/loss after financial items was SEK -25 (838) million.

Business area trends

Quarterly data

Consolidated income statement (SEK million)	2024		2023				2022		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	9,494	10,035	11,646	11,833	11,514	11,656	9,656	9,999	11,667
Operating expenses	-10,073	-9,366	-9,891	-9,986	-9,735	-10,064	-8,087	-8,534	-9,779
Operating profit	-579	669	1,755	1,847	1,779	1,592	1,569	1,465	1,888
Net financial items	-332	-273	-101	-146	-181	-214	-22	-14	-117
Profit after net financial items	-911	396	1,654	1,701	1,598	1,378	1,547	1,451	1,771
Tax	50	-180	-380	-378	-378	-399	-310	-343	-401
Net profit	-861	216	1,274	1,323	1,220	979	1,237	1,108	1,370
Net sales, business areas									
NIBE Climate Solutions	5,834	6,516	7,736	8,122	7,839	7,676	6,367	6,344	7,782
NIBE Element	2,711	2,819	3,013	2,957	2,945	2,983	2,672	2,842	2,937
NIBE Stoves	1,052	802	1,250	1,086	1,096	1,326	830	1,042	1,239
Elimination of Group transactions	-103	-102	-353	-332	-366	-329	-213	-229	-291
Group total	9,494	10,035	11,646	11,833	11,514	11,656	9,656	9,999	11,667
Operating profit, business areas									
NIBE Climate Solutions	-462	506	1,353	1,538	1,484	1,221	1,204	1,022	1,500
NIBE Element	-126	142	280	243	235	184	299	325	249
NIBE Stoves	27	-3	165	101	99	168	95	137	216
Elimination of Group transactions	-18	24	-43	-35	-39	19	-29	-19	-77
Group total	-579	669	1,755	1,847	1,779	1,592	1,569	1,465	1,888
Items affecting comparability, business areas									
NIBE Climate Solutions	-794	0							
NIBE Element	-263	0							
NIBE Stoves	-38	0							
Group total	-1,095	0							
Adjusted operating profit, business areas									
NIBE Climate Solutions	332	506							
NIBE Element	137	142							
NIBE Stoves	65	-3							
Elimination of Group transactions	-18	24							
Group total	516	669							

Business area NIBE Climate Solutions

Key ratios		Q1-Q2 2024	Q1-Q2 2023	Past 12 months	Full year 2023
Net sales	SEK m	12,350	15,858	27,865	31,373
Growth	%	-22.1	32.7	-7.1	20.3
of which acquired	%	7.2	4.2	7.2	5.9
Operating profit	SEK m	838 *	2,891	2,749	5,596
Operating margin	%	6.8 *	18.2	9.9	17.8
Assets	SEK m	47,099	37,127	47,099	46,664
Liabilities	SEK m	5,665	7,102	5,665	6,588
Investments in non-current assets	SEK m	838	1,024	2,531	2,717
Amortization/Depreciation	SEK m	646	455	1,244	1,053

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 12,350 million, compared with SEK 15,858 million in the corresponding period in the previous year. The organic decline was 29.3%, corresponding to SEK 4,651 million. As a result of acquired sales of SEK 1,143 million, the total decline in sales amounted to SEK 3,508 million.

Adjusted operating profit for the period amounted to SEK 838 million, compared with SEK 2,891 million in the corresponding period in the previous year. This equates to an operating margin of 6.8%, compared with 18.2% in the previous year.

We are seeing ongoing heat pump installations at consumers in both Europe and North America, but the current high level of inventories at both retailers and installation companies continued to have a negative effect on sales in the period. At the same time, we are already seeing effects of the previously announced action plan, which promoted profitability in the period, as well as the business area's future cost structure and working methods. With the measures and adjustments that have been implemented, the aim is to return to a good and stable level of profitability.

Market

Energy efficiency and environmentally friendly climate control of properties of all sizes remain high on the international agenda. Heating of properties accounts for 40% of global energy consumption and heat pumps are being promoted internationally as the most climate-friendly and efficient alternative for replacing oil and gas boilers. The EU "Green Deal" is the driver behind the move away from fossil fuels in Europe and a similar, major transition program, the "Inflation Reduction Act", is underway in the USA.

However, in 2023 a "perfect storm" situation occurred. Accelerating inflation forced several of the world's central banks to sharply hike key interest rates, with the immediate consequence that both consumers' spending power and new production of housing fell sharply. Oil and gas prices also fell sharply, while electricity prices were allowed to remain unchanged, and in some cases even increase, from disproportionately

high levels compared with fossil fuels. In addition, political uncertainty about the time frame of the EU "Green Deal" arose in several European countries. This adversely affected the essential and, above all, sustained transition subsidies for the installation of heat pumps.

The European heat pump market, which saw strong growth in 2020, 2021 and 2022, when manufacturers struggled to match capacity to high demand, experienced the exact opposite in 2023. For almost three quarters, heat pump manufacturers continued to produce for what distributors considered to be a still strong market, while consumer demand fell sharply as a result of the factors described above.

This in turn led to a significant inventory build-up at all distribution levels. The painstaking work of reducing inventory levels has now been ongoing for just over three quarters, which has meant that manufacturers' order intake has been weak, resulting in total production of heat pumps in Europe falling by almost half. The modern term for this phenomenon is the bullwhip effect.

However, the good news is that we are seeing sales and installation of heat pumps to end consumers continuing in all markets, enabling inventory levels in the distribution chains to reach more acceptable levels in most markets, apart from Germany, at the half-year mark. This clearly shows that there is a sound underlying demand for heat pumps and that the market at manufacturer level should now have bottomed out.

Stability in the US heat pump market has been quite different from the European market, but here too the high interest rates in the first half of the year have resulted in a certain reduction in installations in the single-family home segment.

Operations

The action plan announced at the beginning of the year has already produced effects in operations in the second half of the period. Measures have been taken to improve the efficiency of the organization and reduce overheads both in the short and long term. Above all, measures have been implemented in the majority of the business area's European operations. The measures have involved cuts in all employee categories. For white-collar workers, this has also resulted in a more streamlined organization, adapted to the current market situation. In the same way, heat pump manufacturing companies have adapted their production staff to correspond to current demand. The adaptation has been carried out without affecting either the business area's ability to remain the market leader or its ability to smoothly increase production to meet future expected increases in demand.

In-depth collaboration between the companies in the business area has been further intensified with the aim of realizing additional synergies. Besides obvious synergies in, e.g., purchasing, quality and sustainability, we see several opportunities in both product development and product swaps and production rationalization.

Shared projects, based on exchange of competencies, have also been initiated between a number of companies with the aim of becoming even stronger and more efficient.

A retained major focus on the company's product development is a given. Proactive product development of new high performance

products within all areas of applications is a basic prerequisite for continued expansion.

We have previously pointed out that NIBE is well positioned in the transition to products that use natural refrigerants, which is a highly topical issue, both in Europe and North America. NIBE Flow is another clear example of our growing product range, which is expanding in ventilation equipment. This product category will enable us to strengthen our offering in complete solutions for the total climate control and energy efficiency needs of commercial properties.

We remain firmly convinced that heat pumps are the most energy-efficient and climate-friendly alternative for climate control of properties and we predict significant long-term volume growth for heat pumps, driven by an absolutely essential transition to fossil-free climate control of buildings. We will continue to implement marketing initiatives and champion the ability of heat pumps to save energy as well as protect the environment. Our ambitious investment program for production of future products has largely been completed, save some machinery equipment that has been postponed pending an increase in demand.

As expected, profitability has been significantly impacted by the large decline in demand. Difficulties in adapting the organization to the steep downturn in sales, together with the implementation of investments crucial to our future competitiveness, have affected profitability. Following the measures and adaptations we are now implementing throughout the organization, our clear ambition is to return to an operating margin level within the business area's historical range in 2025.

NIBE Stoves introduces the Contura Zero Emission concept

Contura has improved the combustion technology of its best-selling stove, the 500 series, to further reduce particle emissions. It is a stove that is ideally suited to the coming transition.

Contura, the largest trademark within NIBE Stoves, is now launching its new Zero Emission concept, which is a globally unique innovation that eradicates virtually all particle emissions. The maximum limit for wood-burning stove emissions is currently 40 mg particles per cubic meter of flue gas. Many of Contura's stoves already comply with the limit value, but the Contura Zero Emission concept achieves particle emissions of just 1 mg per cubic meter of flue gas. The technology is based on charging the particles to create an electrostatic force, resulting in the particles clinging to a surface in the upper part of the stove, where they are burned and fall down as ash.

"This is a position statement for the future and clear evidence of our innovative ability. We have already received a lot of interest from retailers and we are looking forward to meeting consumers in the fall," says Niklas Gunnarsson, head of business area NIBE Stoves.



Business area NIBE Element

Key ratios		Q1-Q2 2024	Q1-Q2 2023	Past 12 months	Full year 2023
Net sales	SEK m	5,530	5,970	11,458	11,898
Growth	%	-7.4	16.0	-2.5	8.9
of which acquired	%	1.9	2.9	2.1	2.6
Operating profit	SEK m	279 *	523	434	942
Operating margin	%	5.0 *	8.8	3.8	7.9
Assets	SEK m	15,470	15,263	15,470	14,995
Liabilities	SEK m	2,674	3,404	2,674	2,667
Investments in non-current assets	SEK m	329	338	877	886
Amortization/Depreciation	SEK m	285	256	548	520

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 5,530 million, compared with SEK 5,970 million in the corresponding period in the previous year.

The organic decline was 9.3%, corresponding to SEK 552 million. As a result of acquired sales of SEK 112 million, the total decline in sales amounted to SEK 440 million.

Adjusted operating profit for the period totaled SEK 279 million, compared with SEK 523 million in the previous year. This equates to an operating margin of 5.0%, compared with 8.8% in the previous year.

The first half of the year has been characterized by significant variations between different segments. The development of electric vehicles is bringing new business opportunities and the investment's in rail-based infrastructure has led to several successful procurement projects. The semiconductor industry is also gradually improving. However, the continuing weak performance for heat pumps, new property construction and the wind power industry had a negative effect during the first half of the year.

Market

Demand was stable in the majority of the business area's market segments in the first half of the year. However, there were large variations between the different segments, which require's significant flexibility and preparedness, as well as adaptation of operations.

Weak development in new construction in Sweden and Europe is continuing to have an adverse effect on the business area. After the strong expansion of recent years, we continue to see a sharp slowdown in demand from customers in the heat pump industry. The decline also affects products that are largely dependent on construction, such as convectors and domestic appliances. The main reason is the reduction in overstocked inventories of both components and finished products at several stages of the distribution chain, but also falling demand among end consumers due to the weaker economic situation and lower fossil fuel prices.

It is very difficult to estimate when a recovery will take place, but in the first instance, destocking by our manufacturing customers is expected to end once they have adjusted their inventories to the level of demand at the distribution level, which we are seeing signs of. Manufacturers have, in many cases, also overstocked inventories of components in relation to current production, which means a further delay in increased demand for the business area as a component manufacturer.

The ambition to reduce harmful CO2 emissions means that the number of industrial projects based on electric heating is growing steadily. Demand for various kinds of energy storage solutions is also growing. The majority of these solutions involve some form of electric heating and control, which benefits the business area as an established supplier in this segment.

The wind power industry remained weak, largely as a result of delays in approval processes. However, the industry assessment is that this market will improve significantly in the coming years.

The electrification of vehicles is presenting new business opportunities for NIBE, with regard to both passenger cars and commercial vehicles. We are conducting several advanced development projects in a number of product areas together with international customers associated with the automotive industry. Several of these products will enter series production towards the end of this year. This market too is currently characterized by a degree of uncertainty relating to political decisions, but also challenges in launching customers' products.

Demand in the railway sector is showing a growing trend, both in respect of infrastructure and heating of railway vehicles. In the first half of the year, we won a number of strategically important projects, which bodes well for our future performance in this market segment in both Europe and North America.

Demand in the semiconductor industry has been weak since the USA introduced trade restrictions on exports of advanced technology to China at the end of 2022. We have also seen clear destocking in some customer segments. Large investments in the expansion of the semiconductor industry in both North America and Europe to reduce dependence on Asian suppliers in this important technology area are currently being implemented. This will increase demand for our components and systems. Demand in the semiconductor industry has historically been cyclical. Our view is that this pattern will continue and that demand will improve in the second half of the year. Among other things, development is being driven by new applications in artificial intelligence (AI), but also by the fact that we are launching a number of new products within the semiconductor segment.

Operations

To meet the anticipated growing demand in segments which are expected to see strong organic growth in the next few years, we have increased production capacity and carried out new recruitments. At the same time, the sharp and rapid decline in demand in both the construction industry and semiconductor industry has resulted in increased costs due to excess capacity in the short term.

The tough action plan initiated earlier in the year has also significantly impacted this business area. We are implementing measures to adjust to the current situation in the short term, while streamlining the entire organization. At the same time, as a subcontractor we need to be able to quickly increase capacity again when demand picks up. A program to reduce inventory build-up has been initiated, with the aim of restoring inventory turnover to the levels seen before the pandemic and Russia's invasion of Ukraine.

Exchange rates remain volatile, which is having a considerable effect on pricing and competitiveness. In this situation, our international presence with production units in different currency zones gives us an advantage. In general, there are continuing shortages of skilled labor in several of the countries in which we have production units.

Despite the adaptations to current demand in each respective business as well as good cost control, the operating margin declined as a result of clearly lower sales in certain product areas and a short-term increase in costs due to excess capacity. Despite some cyclical lag in the business area's sales as a component manufacturer for production customers, our clear ambition is to return to an operating margin level within the business area's historical range in 2025.

Business area NIBE Stoves

Key ratios		Q1-Q2 2024	Q1-Q2 2023	Past 12 months	Full year 2023
Net sales	SEK m	1,854	2,336	4,276	4,758
Growth	%	-20.6	35.0	-7.4	18.6
of which acquired	%	1.7	20.9	7.2	16.3
Operating profit	SEK m	62 *	266	291	533
Operating margin	%	3.3 *	11.4	6.8	11.2
Assets	SEK m	6,775	6,622	6,775	6,897
Liabilities	SEK m	930	1,162	930	817
Investments in non-current assets	SEK m	139	137	285	282
Amortization/Depreciation	SEK m	113	83	230	200

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 1,854 million, compared with SEK 2,336 million in the corresponding period in the previous year.

The organic decline was 22.3%, corresponding to SEK 522 million. As a result of acquired sales of SEK 40 million, the total decline in sales amounted to SEK 482 million.

Adjusted operating profit for the period totaled SEK 62 million, compared with SEK 266 million in the previous year. This equates to an operating margin of 3.3%, compared with 11.4% in the previous year.

The business area continued to experience mixed geographical demand during the period, generally characterized by a low volume of new construction. At the same time, we note a general return to a more traditional seasonal pattern, where spring and early summer are always the lowest period for sales, while the fall months are the highest. During spring, we launched our future concept Contura Zero Emission, which features a unique reduction of particle emissions generated during wood burning. Under the Contura Partners program, Swedish retailers will begin marketing the product in the fall of this year for customer installation in the spring.

Market

The trend in the first few months of the year continued in the spring and early summer. We are seeing a clear decline in demand for stove products compared with the previous year, while the whole sector is entering a more traditional seasonal pattern, where spring and early summer are always a seasonally weaker period while the fall months are stronger in terms of sales.

The decline in stove products in the first half of the year should be viewed in the context of the exceptionally large demand and sales in recent years. Our view is that both the market and seasonal patterns will return to levels more reminiscent of the periods before the pandemic and Russia's invasion of Ukraine.

Retailers' inventory levels have been abnormally high for a long time, which has had a further negative effect on our sales. However, through regular dialogue with our retailers we have received information that their inventories are gradually returning to acceptable levels. The pattern was replicated in all markets, and for the different product types.

Reduced purchasing power and a reduction in new production of housing caused by the high level of interest rates, combined with lower and more stable energy prices, are also having an adverse effect on demand for stove products.

We have seen a decrease in demand from end consumers in Scandinavia. The largest decrease was reported in Norway, which was almost exclusively due to a very sharp reduction in new production of housing and holiday homes. It is positive that in Sweden we are continuing to see keen interest in investing in a stove product in connection with new construction. However, the historically low new construction of small family houses had an adverse effect on the volume of sold products.

In 2023, Germany saw a sharp increase in demand for wood-fired products. However, lower energy prices and large inventories of stove products at retailers have meant that demand has declined and sales have fallen.

In the UK, demand for gas-fired products increased in the first half of the year and this is once again becoming the dominant product category in this market. Meanwhile, demand for wood-fired products declined compared with the record levels seen in the previous year. Demand for electric stoves remained good and relatively stable.

In France, the large shift in demand from pellet stoves to wood-fired products continued. The overall market is estimated to have declined and retailers' inventory levels remained high, particularly with regard to pellet products.

Following very weak demand in North America in 2023, the decline in demand appeared to bottom out in the first half of the year. The economic situation is generally somewhat better than in Europe and inventories are returning to acceptable levels. Demand for gas-fired products is growing again and the trend of clearly growing interest in electric stoves is continuing.

Operations

Due to the fall in demand, we have gradually adapted our production capacity in Europe to the prevailing situation. The aim of the adaptation is to achieve a more even rate of production over the year, which will increase productivity. Our inventory levels are well balanced to guarantee competitive delivery times and a high degree of delivery reliability in the coming peak season in the second half of the year.

In North America, production capacity was adjusted to lower demand in the previous year and production plans now follow normal seasonal patterns, which means lower sales in the spring and higher sales in the fall.

During the spring, we launched the first product in our new future concept, Contura Zero Emission. The Contura Zero 596 stove is a completely new type of stove with a built-in cleaning filter that reduces particle emissions by more than 90% compared with traditional wood burning. The product will be marketed in our Contura Partner stores in Sweden during the fall and we expect to be able to make our first deliveries to customers early next year.

The operating margin in the first half of the year fell compared with the corresponding period in the previous year. The reduction can primarily be explained by lower sales, together with very strong comparative figures for the corresponding period in the previous year. Within the framework of the previously announced action plan, the necessary measures have been taken to lower the fixed cost base. The effects of the measures will be mainly visible in the second half of the year. Our clear ambition is to return to an operating margin level within the business area's historical range in 2025.

Condensed income statement

(SEK million)	Group						Parent	
	Q2 2024	Q2 2023	Jan-Jun 2024	Jan-Jun 2023	Past 12 months	Full year 2023	Jan-Jun 2024	Jan-Jun 2023
Net sales	10,035	11,833	19,529	23,479	42,699	46,649	35	27
Cost of goods sold	-7,131	-7,877	-14,920	-15,625	-30,321	-31,026	0	0
Gross profit	2,904	3,956	4,609	7,854	12,378	15,623	35	27
Selling expenses	-1,485	-1,525	-2,969	-3,030	-5,955	-6,016	0	0
Administrative expenses	-913	-815	-1,836	-1,592	-3,702	-3,458	-83	-98
Other operating income	163	231	286	370	740	824	0	0
Operating profit	669	1,847	90	3,602	3,461	6,973	-48	-71
Net financial items	-273	-146	-605	-247	-1,000	-642	23	909
Profit after net financial items	396	1,701	-515	3,355	2,461	6,331	-25	838
Tax	-180	-378	-130	-758	-906	-1,535	3	0
Net profit	216	1,323	-645	2,597	1,554	4,796	-22	838
Net profit attributable to Parent shareholders	219	1,319	-638	2,589	1,558	4,785	-22	838
Net profit attributable to non-controlling interests	-3	4	-7	8	-4	11	0	0
Net profit	216	1,323	-645	2,597	1,554	4,796	-22	838
Includes amortization/depreciation according to plan as follows	541	403	1,044	794	2,022	1,772	0	0
Earnings per share before and after dilution, SEK	0.11	0.65	-0.32	1.28	0.77	2.37	0	0

Statement of comprehensive income

Net profit	216	1,323	-645	2,597	1,554	4,796	-22	838
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	0	28	0	28	-107	-79	0	0
Tax	0	-6	0	-6	16	10	0	0
	0	22	0	22	-91	-69	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	-31	4	-40	3	0	43	0	0
Hedging of net investments	92	-74	-106	-95	183	194	0	0
Exchange differences on translation of foreign operations	-335	1,595	1,402	1,687	-1,716	-1,431	0	0
Tax	-6	-56	-51	-38	2	15	0	0
	-280	1,469	1,205	1,557	-1,531	-1,179	0	0
Total other comprehensive income	-280	1,491	1,206	1,579	-1,622	-1,248	0	0
Total comprehensive income	-64	2,814	560	4,176	-68	3,548	-22	838
Comprehensive income attributable to Parent shareholders	-61	2,807	567	4,165	-63	3,535	-22	838
Comprehensive income attributable to non-controlling interests	-3	7	-7	11	-5	13	0	0
Total comprehensive income	-64	2,814	560	4,176	-68	3,548	-22	838

Condensed balance sheet

(SEK million)	Group			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Intangible assets	31,856	24,226	31,014	0	0	0
Property, plant and equipment	12,389	9,788	11,568	0	0	0
Financial assets	1,383	1,117	1,324	25,961	17,984	25,675
Total non-current assets	45,628	35,131	43,906	25,961	17,984	25,675
Inventories	12,146	12,806	13,227	0	0	0
Current receivables	7,376	8,399	6,688	165	126	148
Investments in securities, etc	401	202	527	0	0	0
Cash and bank balances	3,680	3,520	3,756	0	13	0
Total current assets	23,603	24,927	24,198	165	139	148
Total assets	69,231	60,058	68,104	26,126	18,123	25,823
Equity	29,458	30,835	30,207	8,017	9,355	9,350
Non-current liabilities, non-interest bearing	5,393	4,821	5,410	1,319	898	968
Non-current liabilities, interest bearing	19,906	7,242	16,922	14,353	3,000	11,566
Current liabilities, non-interest bearing	8,864	11,124	9,716	737	770	1,239
Current liabilities, interest bearing	5,610	6,036	5,849	1,700	4,100	2,700
Total equity and liabilities	69,231	60,058	68,104	26,126	18,123	25,823

Key ratios

		Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Growth	%	0.0	27.6	16.4
Operating profit	SEK m	90	3,602	6,973
Operating profit excl. items affecting comparability	SEK m	1,185	-	-
Operating margin	%	0.5	15.3	14.9
Operating margin excl. items affecting comparability	%	6.1	-	-
Profit margin	%	-2.6	14.3	13.6
Profit margin excl. items affecting comparability	%	3.0	-	-
Investments in non-current assets, including acquisitions	SEK m	1,263	2,144	13,038
Available cash and cash equivalents	SEK m	4,643	4,212	4,979
Working capital incl. cash and bank balances	SEK m	14,739	13,803	14,482
as share of net sales	%	34.5	30.6	31.0
Working capital excl. cash and bank balances	SEK m	10,658	10,081	10,199
as share of net sales	%	25.0	22.3	21.9
Interest-bearing liabilities/Equity	%	86.6	43.1	75.4
Equity/assets ratio	%	42.6	51.3	44.4
Return on capital employed	%	7.3	18.0	16.1
Return on capital employed excl. items affecting comparability	%	9.3	-	-
Return on equity	%	6.6	17.7	17.3
Return on equity excl. items affecting comparability	%	9.5	-	-
Net debt/EBITDA	times	3.7	1.1	2.1
Net debt/EBITDA excl. items affecting comparability	times	3.1	-	-
Interest coverage ratio	times	0.4	7.9	6.7
Interest coverage ratio excl. items affecting comparability	times	1.7	-	-

Data per share

		Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Earnings per share (total 2,016,066,488 shares)	SEK	-0.32	1.28	2.37
Earnings per share excl. items affecting comparability	SEK	0.13	-	-
Equity per share	SEK	14.59	15.27	14.96
Closing day share price	SEK	44.94	102.40	70.80

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	2,427	697	347	-108	3,363
Europe (excl. Nordic region)	6,474	1,775	859	-78	9,030
North America	3,112	2,226	590	-17	5,911
Other countries	337	832	58	-2	1,225
Total	12,350	5,530	1,854	-205	19,529

Timing of revenue recognition

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables recognized as revenue at a point in time	12,126	5,530	1,854	-205	19,305
Deliverables recognized as revenue over time	224	0	0	0	224
Total	12,350	5,530	1,854	-205	19,529

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be recognized as revenue gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be recognized as revenue gradually over the coming six-year period.

Financial instruments measured at fair value

(SEK million)	30 Jun 2024	30 Jun 2023	31 Dec 2023
Current receivables			
Currency futures	6	26	45
Commodity futures	0	0	0
Total	6	26	45
Current liabilities and provisions, non-interest bearing			
Currency futures	0	18	0
Commodity futures	-1	3	1
Total	-1	21	1
Non-current liabilities and provisions, interest bearing			
Interest rate derivatives	-14	0	46
Total	-14	0	46

No instruments have been offset in the statement of financial position, so all instruments are recognized at their gross value. For a detailed account of the measurement process, see Note 29 in the Annual Report for 2023. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 29 in the Annual Report for 2023.

Condensed cash flow statement

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Cash flow from operating activities	721	3,081	6,473
Change in working capital	-374	-1,658	-3,893
Investing activities	-1,770	-2,164	-12,604
Financing activities	1,088	-479	9,602
Exchange difference in cash and cash equivalents	133	125	-112
Change in cash and cash equivalents	-202	-1,095	-534

Condensed statement of changes in equity

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Opening equity	30,207	27,973	27,973
Shareholders' dividend	-1,310	-1,310	-1,310
Dividend to non-controlling interests	-2	0	-4
Change in non-controlling interests	3	0	0
Comprehensive income for the period	560	4,176	3,548
Closing equity	29,458	30,835	30,207

Alternative performance measures

Operating margin excluding items affecting comparability

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Operating profit	90	3,602	6,973
Items affecting comparability	1,095	-	-
Operating profit excl. items affecting comparability	1,185	3,602	6,973
Net sales	19,529	23,479	46,649
Operating margin excl. items affecting comparability, %	6.1	15.3	14.9

Profit margin excluding items affecting comparability

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Profit after financial items	-515	3,355	6,331
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	580	3,355	6,331
Net sales	19,529	23,479	46,649
Profit margin excl. items affecting comparability, %	3.0	14.3	13.6

Net investments in non-current assets

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Acquisition of non-current assets	1,302	2,157	13,100
Disposal of non-current assets	-39	-13	-62
Net investments in non-current assets, including acquisitions	1,263	2,144	13,038

Available cash and cash equivalents

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Cash and bank balances	3,680	3,520	3,756
Investments in securities, etc.	401	202	527
Unutilized overdraft facilities	562	490	696
Available cash and cash equivalents	4,643	4,212	4,979

Working capital, including cash and bank balances

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Total current assets	23,603	24,927	24,198
Current liabilities and provisions, non-interest bearing	-8,864	-11,124	-9,716
Working capital, including cash and bank balances	14,739	13,803	14,482
Net sales, past 12 months	42,699	45,145	46,649
Working capital, including cash and bank balances, in relation to net sales, %	34.5	30.6	31.0

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's profit and financial position using calculations that cannot be directly derived from the financial statements. The alternative performance measures provided in this report may be calculated using methods that differ from those used to produce similar measures that are used by other companies.

Working capital, excluding cash and bank balances

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Inventories	12,146	12,806	13,227
Current receivables	7,376	8,399	6,688
Current liabilities and provisions, non-interest bearing	-8,864	-11,124	-9,716
Working capital, excluding cash and bank balances	10,658	10,081	10,199
Net sales, past 12 months	42,699	45,145	46,649
Working capital, excluding cash and bank balances, in relation to net sales, %	25.0	22.3	21.9

Return on capital employed

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Profit after net financial items, past 12 months	2,461	6,577	6,331
Financial expenses, past 12 months	1,799	924	1,103
Profit before financial expenses	4,260	7,501	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	5,355	7,501	7,434
Capital employed at start of period	52,979	39,330	39,330
Capital employed at end of period	54,974	44,113	52,979
Average capital employed	53,977	41,722	46,155
Return on capital employed, %	7.3	18.0	16.1
Operating profit excl. items affecting comparability, %	9.6	18.0	16.1

Return on equity

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Profit after net financial items, past 12 months	2,461	6,577	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	1,954	5,222	5,027
Of which attributable to Parent shareholders	1,958	5,209	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	29,419	30,790	30,160
Average equity	29,790	29,363	29,048
Return on equity, %	6.6	17.7	17.3

Return on equity, excluding items affecting comparability

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Profit after net financial items, past 12 months	2,461	6,577	6,331
Items affecting comparability	1,095	-	-
Profit excl. Items affecting comparability	3,556	6,577	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	2,823	5,222	5,027
Of which attributable to Parent shareholders	2,827	5,209	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	29,419	30,790	30,160
Average equity	29,790	29,363	29,048
Return on equity, excl. items affecting comparability, %	10.0	17.7	17.3

Net debt/EBITDA

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Non-current liabilities and provisions, interest bearing	19,906	7,242	16,922
Current liabilities and provisions, interest bearing	5,610	6,036	5,849
Cash and bank balances	-3,680	-3,520	-3,756
Investments in securities, etc.	-401	-202	-527
Net debt	21,435	9,556	18,488
Operating profit, past 12 months	3,461	6,955	6,973
Depreciation/amortization and impairment, past 12 months	2,307	1,611	1,824
EBITDA	5,768	8,566	8,797
Items affecting comparability	1,095	-	-
EBITDA excl. items affecting comparability	6,863	8,566	8,797
Net debt/EBITDA, times	3.7	1.1	2.1
Net debt/EBITDA excl. items affecting comparability, times	3.0	1.1	2.1

Interest coverage ratio

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Profit after net financial items	-515	3,355	6,331
Financial expenses	856	490	1,103
Profit before financial expenses	341	3,845	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	1,436	3,845	7,434
Interest coverage ratio, times	0.4	7.9	6.7
Interest coverage ratio excl. items affecting comparability, times	1.7	7.9	6.7

Earnings per share, excluding items affecting comparability

(SEK million)	Jan-Jun 2024	Jan-Jun 2023	Full year 2023
Net profit attributable to Parent shareholders	-638	2,589	4,785
Items affecting comparability	895	-	-
Net profit excl. items affecting comparability	257	2,589	4,785
Earnings per share excl. items affecting comparability	0.13	1.28	2.37

Accounting policies

NIBE Industrier's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the second quarter of 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related notes as well as in other parts of the interim report.

For the Group, the accounting policies applied in this report are the same as those described on pages 96–135 of the Annual Report for 2023.

Reporting for the Parent follows the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Related party transactions have taken place to the same extent as in the previous year and the same accounting policies apply as described on page 97 of the Annual Report for 2023.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is, therefore, an important process relative to the goals set by the company. Throughout the Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2023.

The information in this report has not been reviewed by the company's auditors. For further information on definitions, please refer to the company's Annual Report for 2023.

The interim report provides a fair review of the business, financial position and results of the Parent and the Group and describes the principal risks and uncertainties facing the Parent and companies in the Group.

Markaryd, Sweden, August 16, 2024

Hans Linnarson
Chairman of the Board

James Ahrgren
Director

Camilla Ekdahl
Director

Eva Karlsson
Director

Gerteric Lindquist
Managing Director and CEO

Anders Pålsson
Director

Eva Thunholm
Director

NIBE shares

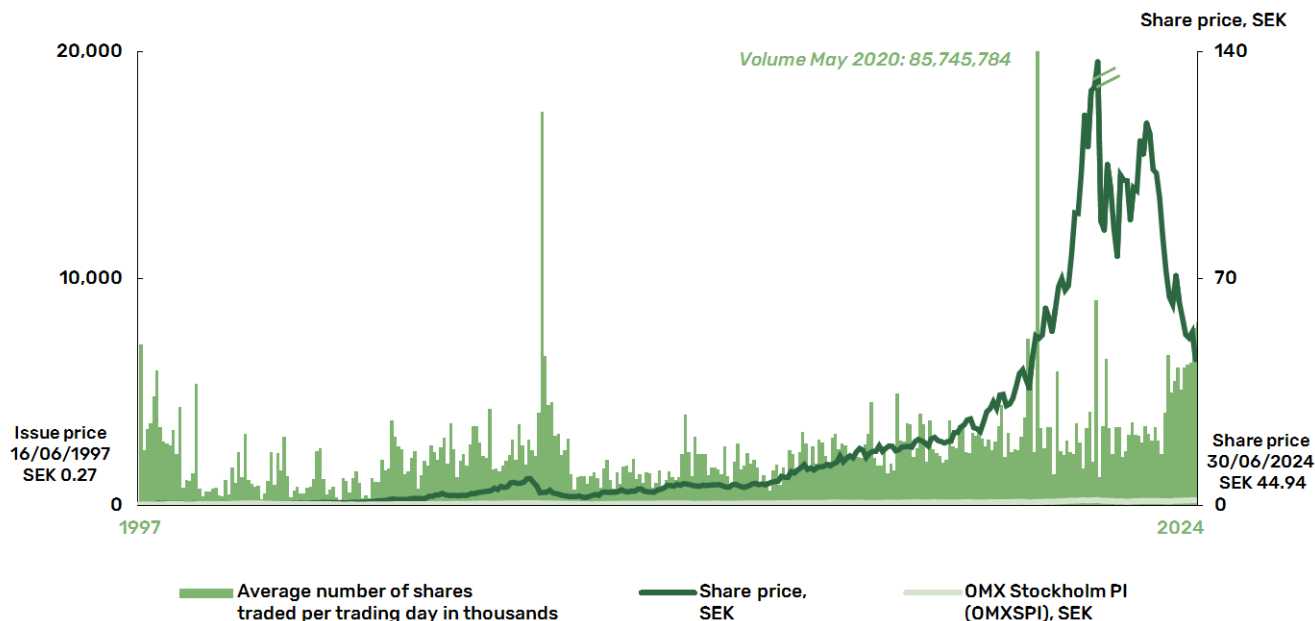
NIBE's Class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on June 30, 2024 was SEK 44.94.

In the first half of 2024, NIBE's share price fell by 36.5%, from SEK 70.80 to SEK 44.94. In the same period, the OMX Stockholm PI (OMXSPI) increased by 7.9% and the OMX Stockholm 30 (OMXS30) by 7.1%.

At the end of June 2024, NIBE's market capitalization, based on the latest price paid, was SEK 90,602 million. A total of 804,517,571 NIBE shares were traded, which corresponds to a share turnover of 79.8% in the first half of 2024.

All figures were restated following the 4:1 splits implemented in 2003, 2006, 2016 and May 2021, and the dilution effect of the preferential rights issue in October 2016.

Number of shares traded per trading day in thousands



The information in this Interim Report is information that NIBE Industrier AB is obliged to publish under the Swedish Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for publication at 8:00 AM (CEST) on August 16, 2024.

Please email any questions to:
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 Hans Backman, CFO, hans.backman@nibe.se



NIBE Group

- an international Group with companies and a presence worldwide

The NIBE Group is an international Group that contributes to a reduced carbon footprint and better utilization of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of environmentally friendly, energy-efficient solutions for indoor climate comfort in all types of properties, plus components and solutions for intelligent heating and control in industry and infrastructure.

Since its beginnings in the town of Markaryd in the Swedish province of Småland more than 70 years ago, NIBE has grown into an international company with an average of 22,500 (21,300) employees and an international presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate responsibility. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just under SEK 47 (40) billion in 2023.

NIBE has been listed under the name NIBE Industrier AB on the Nasdaq Nordic Large Cap list since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

NIBE

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